

**CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE**

**INITIAL STATEMENT OF REASONS FOR THE  
PROPOSED AMENDMENTS TO THE CIRM CONFLICT OF INTEREST CODE**

**HEARING DATE:** None Scheduled.

**SUBJECT MATTER OF PROPOSED REGULATIONS:** Conflict of Interest Code

**SECTIONS AFFECTED:** The proposed action adopts a chapter heading (Chapter 1) and amends the attachments incorporated by reference in section 100000 of Title 17 of the California Code of Regulations.

**UNDERLYING DATA:**

CIRM's proposed Conflict of Interest Code amendments are based on its current organization chart, duty statements for current employees, and anticipated hires. The proposed code amendments for CIRM enumerates positions held by employee who were on staff when the code was initially approved by the ICOC, as well as positions that CIRM anticipates filling in the near future. CIRM anticipates it may need to modify the code to more accurately reflect the administrative shape of the agency once it is fully staffed and operational.

**BUSINESS IMPACT:**

The proposed code will not have any adverse economic impact on business.

**SPECIFIC TECHNOLOGIES AND EQUIPMENT:**

The proposed code does not mandate the use of specific technologies or equipment.

**CONSIDERATION OF ALTERNATIVES:**

No reasonable alternative exists that would be more effective, or equally effective and less burdensome to private persons, than is the proposed code in carrying out the purposes for which it is proposed. Moreover, this code is a requirement of the Political Reform Act of 1974.

**SPECIFIC PURPOSE:**

Government Code section 87300, part of the Political Reform Act of 1974, requires each state agency to adopt a conflict of interest code. Moreover, the Political Reform Act requires agencies to conduct a review of their code on a biennial basis to ensure it currently reflects the organizational status of the agency. The code must contain, among other things, the following:

- Specific enumeration of the positions within the agency that involve making or participating in decisions that may have a reasonable foreseeable material financial effect on a specified financial interest of the agency employee. Persons holding such positions are called “designated employees.”
- Requirements that each designated employee annually file a statement of economic interests on Fair Political Practices Commission form 700, disclosing reportable income, investments, gifts, and interests in real property.
- Specification of the economic interests that must be disclosed for each category of designated employees.

The California Institute for Regenerative Medicine (“CIRM”) was established by Proposition 71, the California Stem Cell Research and Cures Initiative. The statewide ballot measure, which provided \$3 billion in funding for stem cell research at California universities and research institutions, was approved by California voters on November 2, 2004, and called for the establishment of a new state agency to make grants and provide loans for stem cell research, research facilities and other vital research opportunities. The Independent Citizens Oversight Committee (“ICOC”) is the 29-member governing board of the Institute; the ICOC members represent California’s leading public universities, non-profit academic and research institutions, patient advocacy groups and the biotechnology industry.

Health and Safety Code section 125290.30, subdivision (g), enacted as part of Proposition 71, specifies that the Political Reform Act applies to the CIRM and the ICOC with certain modifications. Section 125290.50, subdivision (e)(3), also enacted with the proposition, states that members of the advisory working groups of the ICOC shall be covered by conflict of interest rules based on the standards applicable to scientific review committees of the National Institutes of Health, rather than those of the Political Reform Act. Accordingly, the Institute has promulgated separate regulations governing the working groups for conflicts of interest.

#### **FACTUAL BASIS FOR ADOPTION:**

##### **Factual basis and rational for code:**

<u>Designated employees</u>	<u>Disclosure Category</u>
<i>ICOC</i>	
Chair, ICOC	1
Vice Chair, ICOC	1
Member, ICOC	1

The members of the ICOC constitute the governing body of the CIRM, pursuant to statute, and thus have the fullest disclosure category. The Chair and Vice Chair of the ICOC are elected from and by the members of the ICOC, and have the same disclosure category as other members.

*Office of the Chair*

Senior Aide to the Chair	1
Executive Assistant to the Chair	1
Director, ICOC Board Relations	1
Deputy to the Vice Chair	1

The staff of the Office of the Chair has the fullest disclosure category. The Senior Aide to the Chair assists in managing overall communications and work program agenda for the Chair and ICOC including requests, tasks and special project items. The Executive Assistant to the Chair provides administrative and scheduling support. Also, the Director, ICOC Board relations functions as an executive assistant to the ICOC and is primarily responsible for managing the arrangements for all ICOC meetings. The Deputy to the Vice Chair provides scientific and medical research expertise and advice to the ICOC and CIRM.

*Office of the President*

President	1
General Counsel	1
Associate Legal Counsel/Ethics Officer	1
Paralegal	1
Chief Communications Officer	1
Senior Officer for Scientific & Medical Ethical Standards	1
Director, Legislation & Research Policy	1
Senior Executive Assistant to the President	3

The President is the chief executive officer of CIRM and is responsible for recruiting the ICOC working group members; developing and managing the executive and administrative teams of the ICOC; and developing recommendations on research grants to be made by the ICOC. The General Counsel is the chief legal advisor to the CIRM and the ICOC. The General Counsel provides legal advice on all matters pertinent to the ICOC and works with specialized outside counsel on such matters as bond issuance and litigation. The Legal Associate/Ethics Officer works under the supervision of the General Counsel on all legal matters pertinent to the CIRM & ICOC, works with specialized outside counsel, and is the point person for the ICOC and CIRM on matters relating to conflict of interest codes or standards and filing obligations. The Paralegal functions as the administrative manager to the General Counsel and as a contracts administrator for the agency under the supervision of the Chief Finance and Administrative Officer. The Chief Communications Officer will work with the Chair and Vice-Chair of the ICOC and the President of CIRM to develop a clear and consistent message about the new frontier of stem cell research in California and to promote a deeper and more sophisticated public awareness of stem cell research and therapy. The Senior Officer for Scientific & Medical Ethical Standards, under the direction of the President, serves as the senior staff support to the Standards Working Group. The Director, Legislation & Research Policy directs, manages and supervises all aspects of inter-governmental relations for the ICOC; serves as chief strategist with the Chair, Vice Chair and President on public policy issues; and communicates with outside interest groups on public policy issues related to the mission of the CIRM. The Senior Executive Assistant to the President provides administrative and project support to the President.

*Science Office*

Chief Scientific Officer	1
Director, Scientific Activities	1
Scientific Officer I, II	1
Senior Officer for Scientific & Medical Research Funding Working Gr	1
For-Profit Director	1
Scientific Analyst	1
Director, Grants Management System	1
Grants Management Officer	1
Grants Management Specialist I, II	2
Grants Technical Assistant	4

The Chief Scientific Officer assists the President in recruiting the best scientific and medical talent in the United States to serve on the CIRM working groups, and collaborates with the established working groups to develop recommendations on grants, loans, facilities and standards. The Director, Scientific Activities, working under the direction of the Chief Scientific Officer, is responsible for recruiting and hiring the scientific and technical staff for the CIRM scientific program and grant review functions, and for overseeing the scientific review of grant applications, including organizing and reporting on meetings of the funding working group. The Scientific Officers report to the Chief Scientific Officer on all aspects of the CIRM's extramural scientific programs and assists in developing interdisciplinary trainings, organizing and conducting technical workshops and conferences, and responding to scientific investigator inquiries and requests. In addition the Scientific Officer conducts the initial scientific merit review of grant applications and research contract proposals, determines review criteria and structure, and communicates review panel comments and decisions to the ICOC. The Senior Officer for Scientific & Medical Research Funding Working Group under the general direction of the Chief Scientific Officer will be the liaison for CIRM to the Working Group, organizing and scheduling meetings, drafting documents, and providing senior level professional and administrative support to the Working Group. The For-Profit Director will negotiate and monitor contracts for the for-profit entities. The Scientific Analyst under general direction of the Director, Scientific Activities, is responsible for aspects of extramural science programs and evaluation and review of applications. The Director, Grants Management System reporting to the Chief Scientific Officer will provide leadership for developing and implementing a grants administration system at CIRM. The Grants Management Officer oversees, directs and facilitates the business-related and financial grants management functions of the institute to ensure an overall high quality of grants administration across all CIRM programs. The Grants Management Specialist I & II report to the Grants Management Officer and responsible for implementing the grants management functions of the institute to ensure accurate reporting of financial and programmatic activities funded by the institute through awards such as grants and loans. The Grants Technical Assistant under the direction of the Director, Scientific Activities and Scientific Officers, provides support including, but not limited to coordinating the receipt and processing of grant applications and contract proposals and professional support for the review and tracking of grant and contract applications.

*Office of Administration*

Chief Finance and Administrative Officer	1
Senior Officer for Scientific & Medical Research Facilities	1
Senior Medical Facilities Planner	1
Capital Asset Manager	1
Technology Officer	2
Finance Officer	3
Financial Services Officer	3
Office Manager	4
Chief Human Resources Officer	4

The Chief Finance and Administrative reports to the President and is responsible for overall financial and administrative matters. The Chief Finance & Administrative Officer will work with the Scientific and Medical Research Funding Working Group and with the Scientific and Medical Research Facilities Working Group to formulate and implement policies related to research and facilities grants. The Senior Officer for Scientific & Medical Research Facilities reports to the Chief Finance & Administrative Officer of CIRM, and will work closely with the Chair and Vice Chair of the Working Group to provide expert knowledge, help organize meetings, agendas and materials. The Senior Officer for Scientific & Medical Research Facilities will be the liaison for CIRM to the Scientific and Medical Research Facilities Working Group, drafting documents, preparing reports and providing senior level professional and administrative support. The Senior Medical Facilities Planner is under the direction of the Senior Officer for Scientific & Medical Research Facilities provides technical and professional support for facilities-related grant activities. The Capital Asset Manager under the direction of the Senior Medical Facilities Planner is responsible for the day-to-day administration of facilities grant funds. The Technology Officer under the direction of the Chief Finance and Administrative Officer; exercises the authority and responsibility for information technology, provides strategic direction, policy guidance, and IT services; and maintains responsibility for overseeing and coordinating all IT investments. The Finance Officer reports to the Chief Finance & Administrative Officer, responsible for all financial matters. The Finance Officer is responsible for the development of the operations budget for CIRM, including individual budgets for four cost centers. The Financial Services Officer assists the Finance Officer and Chief Finance & Administrative Officer with daily financial operations of the CIRM, including budgeting, accounting, financial reporting and business operations. The Office Manager under general supervision of the Chief Human Resources Officer and in coordination with the Chief Finance & Administrative Officer oversees the front office and administrative services. The Office Manager is responsible for overall business service functions of CIRM to ensure a smooth running and efficient front office. The Chief Human Resources Officer, working under the direction of the Chief Finance & Administrative Officer, is responsible for managing and administering all aspects of the human resources function at CIRM.

*Consultant*

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Consultants shall disclose pursuant to the broadest disclosure category in the CIRM conflict of interest code, subject to the following limitations: The agency President may determine in writing that a particular consultant, although a designated employee, is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The determination of the President is a public record and shall be retained for public inspection in the

same manner and location as this conflict of interest code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

\*\*\*\*\***End**\*\*\*\*\*